This listing of claims will replace all prior versions, and listings, of claims in the application:

Claims 1-22 (canceled)

1   Claim 23 (new): A video processing method comprising the
2   steps of:
3   receiving encoded video data representing a series
4   of images, said encoded video data having been encoded
5   using motion compensated prediction on at least some of
6   the images being encoded, each encoded image in said
7   series of images including a first contiguous image area
8   and a second contiguous image area, each of said first
9   and second contiguous image areas being smaller than a
10   full area of an image in said series of images, motion
11   vectors for the first contiguous image areas using for
12   predictions only pixels within first contiguous image
13   areas, said first contiguous image areas being located at
14   the same location in each of said series of images; and
15   decoding said received encoded video data.

1   Claim 24 (new): The method of claim 23,
2   displaying images corresponding to the decoded
3   received encoded video data.

1   Claim 25 (new): The method of claim 23, wherein the
2   received encoded image data further includes motion
3   vectors for the second contiguous image areas, the motion
4   vectors for the second contiguous image area using for
5   predictions only pixels within second contiguous image
6   areas of said series of images.

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Claim 26 (new):   method of claim 23, wherein the encoded image data includes information identifying areas of the images in said series of images to which motion compensated prediction was separately applied

Claim 27 (new): The method of claim 23, wherein said at least one image is a frame.

Claim 28 (new): A video processing device comprising:
    a decoder for decoding encoded video data representing a series of images, said encoded video data having been encoded using motion compensated prediction on at least some of the images being encoded, each encoded image in said series of images including a first contiguous image area and a second contiguous image area, each of said first and second contiguous image areas being smaller than a full area of an image in said series of images, motion vectors for the first contiguous image areas using for predictions only pixels within first contiguous image areas, said first contiguous image areas being located at the same location in each of said series of images.

Claim 29 (new): The video processing device of claim 28, further comprising:
    a display for displaying decoded image data generated by said decoder.

1   Claim 30 (new): A method of processing video data
2   comprising the steps of:
3   receiving encoded video data representing a
4   series of images, said encoded video data having been
5   encoded using motion compensated prediction on at least
6   some of the images being encoded, each image including
7   first and second contiguous image areas, said first and
8   second image areas being in the same location in each
9   image in the series of images, motion vectors for the
10   first image areas using for predictions only pixels of
11   first image areas, encoded image data corresponding to a
12   second image area of at least one of said images
13   including insert image data that was added to said
14   encoded video data after initial encoding of said at
15   least one of said images; and
16   decoding said received encoded video data.

1   Claim 31 (new): The method of claim 30, further
2   comprising:
3   displaying images corresponding to the decoded
4   received encoded video data.

1   Claim 32 (new): The method of claim 30, wherein the
2   encoded image data includes information identifying areas
3   of the images in said series of images to which motion
4   compensated predictions were separately applied.

1   Claim 33 (new): The method of claim 32, wherein each
2   image in said series of images is a frame.

1   Claim 34 (new): A method of processing video data
2   comprising the steps of:
3   receiving encoded video data representing a second
4   image that was encoded as a function of a first image,
5   the first and second images each including a first and a
6   second non-overlapping image segment, each of the first
7   and second non-overlapping image segments including a
8   plurality of vertically contiguous pixels, the first non-
9   overlapping image segment occurring in the same location
10   in each of the first and second images, said encoded
11   video data representing the second image using as
12   reference data from the first image, only image data
13   corresponding to the first image segment of the first
14   image, for motion vectors representing a portion of the
15   first image segment of the second image and using as
16   reference data from the first image, image data
17   corresponding to the second image segment of the first
18   image, for motion vectors representing a portion of the
19   second image segment of the second image; and
20   decoding said received encoded video data.

1   Claim 35 (new): The method of claim 34, further
2   comprising:
3   displaying the decoded video data.

1   Claim 36 (new): The method of claim 34, wherein the
2   received encoded video data representing the second image
3   was also encoded as a function of a third image in
4   addition to the first image, the received encoded video
5   data using as reference data from the third image, only

6   image data corresponding to a first image segment of the

7   third image, for motion vectors representing a portion of

8   the first image segment of the second image.

1   Claim 37 (new): The method of claim 36, wherein said

2   received encoded video data further uses as reference

3   data from the third image, image data corresponding to

4   the second image segment of the third image, for motion

5   vectors representing a portion of the second image

6   segment of the second image.

1   Claim 38 (new): The method of claim 34, wherein the

2   first and second image regions of the second image

3   represented by the received encoded image data were

4   encoded using independent non-overlapping sets of

5   reference data for motion compensated prediction

6   purposes, said received encoded image data including

7   information identifying each of the image segments which

8   is independently encoded using motion compensated

9   prediction techniques.

1   Claim 39 (new): The method of claim 38, wherein said

2   first and second images are frames.